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(DX0111)

US Healthcare and Pharma Digital Ad Spending:

Adjusting to the New Normal in Digital Engagement

Advertising in healthcare continues to change as marketers adjust to consumers accessing treatment through video visits, mobile apps, and text messages. But the most disruptive change is the coming loss of third-party cookies, prompting advertisers to focus on first-party data and contextual targeting. This eMarketer report reveals what's driving healthcare and pharma digital ad spending growth, what ad spending by device and format says about generational engagement, and why the standard digital marketing mix is shifting.



Presented by



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Dear eMarketer Reader,

eMarketer is pleased to make this report, **"US Healthcare and Pharma Digital Ad Spending: Adjusting to the New Normal in Digital Engagement,"** available to our readers.

This eMarketer report reveals what's driving healthcare and pharma digital ad spending growth. You will learn what ad spending by device and format tells marketers about generational engagement, and why the standard digital marketing mix is shifting.

We invite you to learn more about [eMarketer's approach to research](#) and why we are considered the industry standard by the world's leading brands, media companies, and agencies.

We thank you for your interest in our report, and we thank **MiQ** for making it possible to offer this report to you today.

Best regards,

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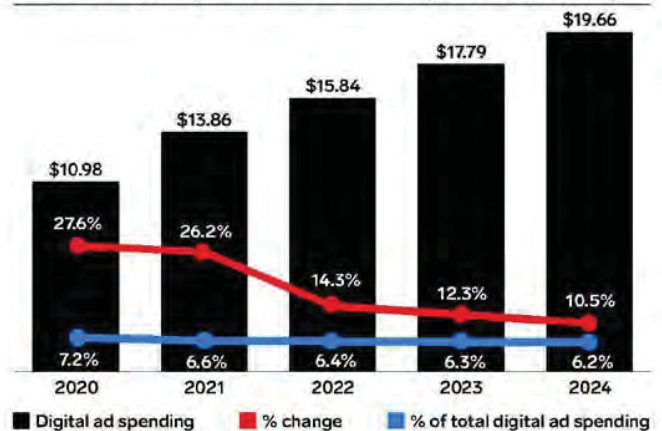
US Healthcare and Pharma Digital Ad Spending 2022 Spotlight: Adjusting to the New Normal in Digital Engagement

The pandemic upended everything in healthcare, even advertising. Spending on digital channels surged in 2020 and again in 2021. Now, marketers are grappling with a new landscape where consumers access treatment through video visits, mobile apps, and text messages.

But what's top of mind for healthcare and pharmaceutical marketers wasn't caused by the pandemic—it's the impending deprecation of third-party cookies, even after Google postponed its rollout until late 2024. Advertisers are exploring tools like first-party data and contextual targeting to stay connected to consumers and clinicians alike.

KEY QUESTION: What's driving healthcare and pharma digital ad spending growth today?

US Healthcare and Pharma Industry Digital Ad Spending, 2020-2024
billions, % change, and % of total digital ad spending



Note: includes advertising that appears on desktop and laptop computers as well as mobile phones, tablets, and other internet-connected devices, and includes all the various formats of advertising on those platforms
Source: eMarketer, July 12, 2022

276883

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KEY STAT: Digital ad spending in the industry will reach \$15.84 billion in 2022. Although growth in digital budgets is slowing, we estimate the category will see nearly \$20 billion in spending in 2024.

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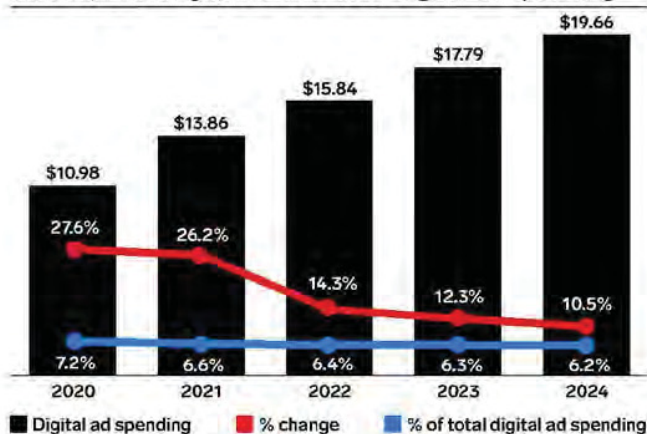
Healthcare Advertisers Hit the Reset Button

Healthcare delivery went digital in 2020, and so did healthcare and pharma ad budgets. In fact, 2020 was the only year in which healthcare and pharma overindexed the overall market digital ad spending growth. Digital ad spending in the industry shot up 27.6% to nearly \$11 billion as providers, insurers, and pharma companies raced to reach consumers with updates on symptom checkers, office and pharmacy hours, and vaccines. The trend held in 2021 as vaccine rollouts got under way; spending rose by another 26.2%, to \$13.86 billion.

The rate of growth will slow now that the pandemic is becoming endemic. We estimate digital ad budgets will keep growing over the next few years, reaching nearly \$20 billion in 2024, but not at the pace seen in 2020 and 2021.

US Healthcare and Pharma Industry Digital Ad Spending, 2020-2024

billions, % change, and % of total digital ad spending



Note: includes advertising that appears on desktop and laptop computers as well as mobile phones, tablets, and other internet-connected devices, and includes all the various formats of advertising on those platforms

Source: eMarketer, July 12, 2022

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Spending still lags the overall digital ad market. In fact, this vertical's share of US digital advertising will shrink from 7.2% in 2020 to 6.2% in 2024. That's largely because other industries—primarily retail, travel, and financial services—will pour even more money into digital channels. Retail is the biggest digital ad category in the US, with advertisers spending an estimated \$65 billion this year.

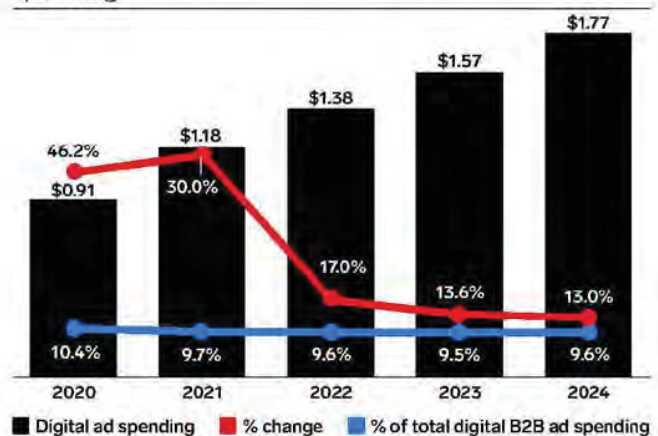
Healthcare and pharma marketers will spend nearly **\$1.4 billion on digital B2B marketing efforts in 2022**. B2B spending in 2022 will account for 8.7% of the vertical's total digital ad spending.

B2B Spending Aimed at Doctors Goes Digital

B2B is a major consideration for companies trying to get their latest drugs and medical devices in front of the **right doctors**. The biggest marketing expenditure by these companies is on detailing—a practice where sales reps travel office to office, talk with doctors, leave samples and brochures, and host dinners and seminars. Conferences are also major marketing venues.

US B2B Healthcare and Pharma Industry Digital Ad Spending, 2020-2024

billions, % change, and % of total digital B2B ad spending



Note: includes advertising from the healthcare & pharma industry that appears on desktop and laptop computers as well as mobile phones, tablets, and other internet-connected devices on all formats mentioned; includes ads such as Facebook's News Feed Ads and Twitter's Promoted Tweets

Source: eMarketer, July 12, 2022

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An annual survey of pharma, biotech, and medical device marketers by Medical Marketing and Media (MM+M) found that sales reps accounted for the largest share of marketing budgets, at 15.3% of the average budget. But 22.5% of respondents said they were cutting back on the channel in 2022 as their target audience (physicians) shifts their attention to online channels and platforms.

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Detailing is becoming more digital. Pharma and medical device marketers still need to reach healthcare providers, who prescribe new medications or use medical devices in surgeries. Of the group MM+M surveyed, 37.6% said they'd shifted money from the sales rep budget to nonpersonal promotions; half of those (51.4%) shifted that spending to digital tactics such as email, white-space targeting, and other third-party tactics.

Watch What You Post

Healthcare is a highly regulated industry in the US, and those regulations extend to advertising and marketing. The US and New Zealand are the only countries in the world that allow pharma advertising directly to consumers. Direct-to-consumer (D2C) ads in the US began in 1997, and the media bonanza has grown exponentially since.

A common misperception is that the Health Insurance Portability and Accountability Act of 1996 (HIPAA) governs the industry's advertising messages, as well as patients' medical privacy. In fact, HIPAA only regulates the accessibility and security of their personal health data and its use by physicians, health insurers, and healthcare clearinghouses.

The Federal Trade Commission (FTC) oversees ads for over-the-counter medications, while the Food and Drug Administration (FDA) regulates advertising for prescription drugs and some kinds of medical devices. Since 2011, the FDA has published guidelines for the pharma and medtech industries' use of social media, including conveying accurate benefit and risk information on platforms that limit character counts.

Advertising by physicians is allowed by the American Medical Association's code of ethics, so long as they are not misleading the public. The pandemic sorely tested the medical profession and the public: Some doctors took to digital channels to promote unproven COVID-19 cures, and some consumers with deeply held political views posted misinformation about the coronavirus across social media platforms.

- **US healthcare consumers have a hierarchy of trust when it comes to finding health information online.** A March 2022 survey by online pharmacy DiRx showed that nearly two-thirds (64%) of respondents used search engines to find prescription drug information, compared with 46% who visited health-related websites and 10% who said they trusted social media platforms for that information.
- **But it's a generational thing.** A survey from clinical trial organization Power found that 92% of Gen Z respondents said they looked to social media for health advice—and YouTube was the most popular platform for all respondents to get that advice.

Ad Spending by Device and Format

It's a multiscreen world now. People watching or streaming video on a TV or laptop will turn to their mobile phone to look up information or respond to an advertiser's call to action. Mobile ads get the lion's share of marketers' budgets, although connected TV (CTV) and streaming video are gaining traction, particularly with pharma and health insurers that have brands to showcase.

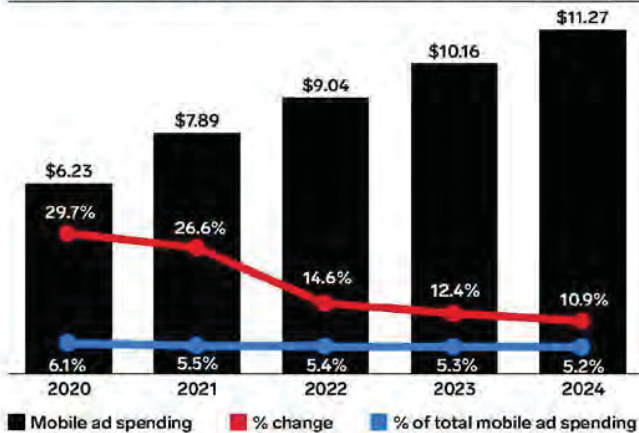
Search and display ads comprise a whopping 98.8% of this vertical's digital spending in 2022 and will continue to dominate in the future.

Mobile and Nonmobile Spending Slows Down

This industry lags all others in mobile ad spending, coming in at 57.1% compared with the overall average of 67.9%. Consumers are more likely to see healthcare and pharma ads on a CTV screen (slowly replacing traditional TV) and on desktop/laptop devices, where they typically continue their research journey.

US Healthcare and Pharma Industry Mobile Ad Spending, 2020-2024

billions, % change, and % of total mobile ad spending



Note: includes classifieds, display (banners and other, rich media, and video), email, lead generation, messaging-based advertising, and search advertising; includes ad spending on tablets
Source: eMarketer, July 12, 2022

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- We expect mobile ad spending to reach \$11.27 billion in 2024, following a nearly 30% leap in 2020.
- This industry makes up a small part of total US mobile ad spending. In 2022, healthcare and pharma mobile spending will make up just 5.4% of the \$168.88 billion total and will decrease to 5.2% in 2024, when we estimate total US mobile ad spending to hit \$215.74 billion.

Nonmobile digital advertising will shrink, but slowly.

This category includes ads that appear on desktop/laptop devices in all formats—a distinction that is becoming less important as advertisers create device-agnostic campaigns. It also includes all other large-screen nonmobile digital options, like CTVs.

- The move to CTV services will keep the nonmobile segment competitive, as well as ads that appear on home screens and in-stream video ads on platforms like Hulu, Roku, and YouTube. This move is happening across all industries, not just healthcare and pharma.
- In 2022, \$6.80 billion will go toward nonmobile digital ads, making up 42.9% of the industry's total digital spend. By 2024, these nonmobile ads will account for \$8.39 billion, but make up a slightly lower percentage at 42.7%.

Search

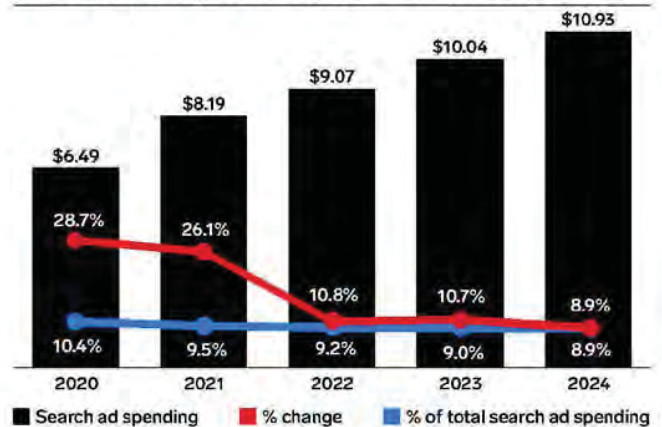
Search is the most important component of a digital strategy for healthcare and pharma marketers, as most people go online to look for health and medical information.

In 2021, searches for COVID-19 symptoms, vaccines, side effects, and retail health outlets giving vaccinations made up the top 20 most popular health-related searches on Google, according to Google's Year in Search 2021 report.

Search terms included retailers' names such as CVS, Walgreens, Rite Aid, Walmart, Publix, and Kroger, as well as vaccine manufacturers' names, beginning with Johnson & Johnson, then Pfizer and Moderna.

US Healthcare and Pharma Industry Search Ad Spending, 2020-2024

billions, % change, and % of total search ad spending



Note: includes advertising that appears on desktop and laptop computers as well as mobile phones, tablets, and other internet-connected devices; includes contextual text links, paid inclusion, paid listings, and SEO
Source: eMarketer, July 12, 2022

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Marketers poured \$6.49 billion into search ads in 2020, a total that was 28.7% higher than 2019. Spending will keep growing through 2024, although not at the same pace.

Search will account for 57.2% of healthcare and pharma digital ad spending in 2022 but will slip to 55.6% in 2024.

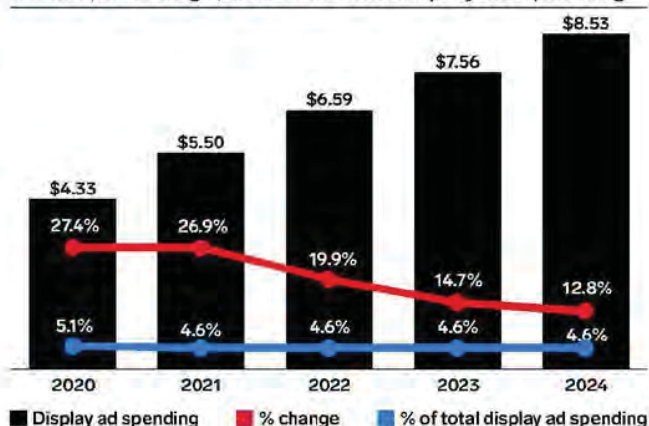
Display

With more emphasis being placed on patient engagement, display ads will become more important in the marketing mix. We expect the healthcare and pharma industry will spend \$6.59 billion on display ads this year, which will account for 41.6% of its digital ad budget.

In 2024, display will account for 43.4% of healthcare and pharma digital spending, at \$8.53 billion.

US Healthcare and Pharma Industry Display Ad Spending, 2020-2024

billions, % change, and % of total display ad spending



Note: includes advertising that appears on desktop and laptop computers as well as mobile phones, tablets, and other internet-connected devices; includes banners, rich media, sponsorships, video, and ads such as Facebook's News Feed Ads and Twitter's Promoted Tweets

Source: eMarketer, July 12, 2022

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The majority of display ad spending goes to video, which we classify as a subcategory of display. In 2022, video will account for 56.0% of healthcare and pharma display budgets at \$3.69 billion and will grow to \$5.17 billion, or 60.6%, in 2024.

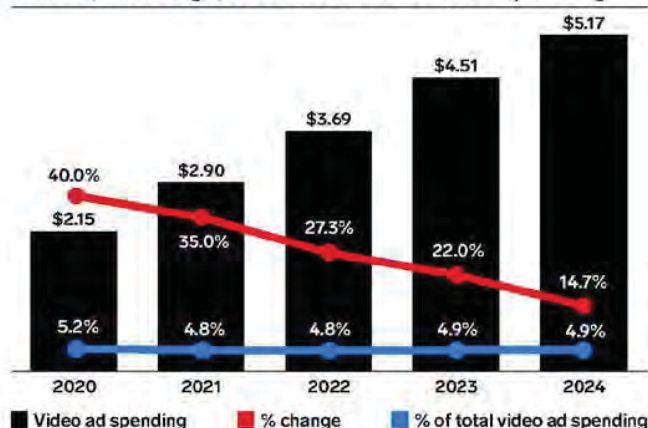
Pharma advertisers still rely heavily on traditional TV advertising to reach wide audiences with messages about new drugs, but with the shift to more targeted marketing, CTV is coming to the fore. In H1 2022, TVision's "State of CTV" report showed the health category ranked second highest in CTV advertising volume, at 13.3%. Only entertainment/media/leisure (21.2%) was higher.

- 56% of US agency and marketing professionals cited precision audience targeting as the top reason to increase ad spending on CTV and OTT video, per a March 2022 Advertiser Perceptions survey.

- But linear TV isn't going away. Of those polled, 38% saw CTV as an extension of their linear TV campaigns, and another 31% would use it to capture declining TV audiences.

US Healthcare and Pharma Industry Video Ad Spending, 2020-2024

billions, % change, and % of total video ad spending



Note: includes advertising that appears on desktop and laptop computers as well as mobile phones, tablets, and other internet-connected devices; includes advertising that appears before, during, or after digital video content in a video player

Source: eMarketer, July 12, 2022

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Now Is the Time to Address Data Sources

Digital marketers in the healthcare and pharma sectors are grappling with the same major issue that their counterparts in other industries face: The deprecation of third-party cookies in Google Chrome.

Don't Wait for Google to Make a Move

Although Google pushed the deadline out to late 2024, marketers shouldn't wait to resolve the issue. Third-party cookies are already out of commission on Firefox and Safari browsers, and mobile ad IDs are soon to follow. Additionally, Apple's Identifier for Advertisers (IDFA) are opt-in now, and Google plans to deprecate ad IDs on Android devices. Since mobile makes up more than half of healthcare and pharma digital ad spending, advertisers have no time to waste.

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First-Party Data Is the First Choice

The most valuable data is collected based on visitors' behavior on your own app or website. That means creating informative but engaging content around your product, service, or specialty. Contextual targeting is a strong second choice, especially for pharma brands.

The Standard Digital Marketing Mix Is Beginning to Shift as the Emphasis on Engagement Grows

Search is still paramount to healthcare providers and pharma brands, as patients look for information on location, physicians, and symptoms. But some marketers are moving into new digital areas like podcasts and testing the targeting ability of CTV ads.

Display Ads Are Being Rethought

Healthcare and pharma marketers are aware they're competing for attention with Netflix, Hulu, and a host of other online media. Keeping their messages consistent across websites, linear TV, and other channels helps with brand awareness and lift—but also with boosting consumer trust. Knowing what a brand stands for is important to millennial and Gen Z consumers.

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Building a unified solution for pharma marketing's greatest challenge

This sponsored article was contributed by **MiQ**.

Pharmaceutical marketers contend with myriad regulatory restrictions, niche audiences, limited data, and the competing priorities of direct-to-consumer (D2C) healthcare services, healthcare professionals (HCP), and over-the-counter (OTC) drug manufacturers. While compliance issues are table stakes of the industry, the latter challenges can be improved upon by taking an open-minded approach to building a unified patient journey that educates and empowers both the patient and their prescribing doctor.

It starts by thinking about data differently.

Leveraging data differently

Unlike other industries that can target consumers directly, the Health Insurance Portability and Accountability Act forbids marketers from using any private first-party healthcare information for audience building or targeting. That means brands can't mine personal information, and that the sources of data, claims, and non-pharmaceutical interventions, are essentially the same for everyone.

It's what you do with the data that matters, and that's where an open approach and a creative mindset make all the difference.

A traditional media strategy, for example, might pull any mention of a condition into one segment and activate based on that segment. But this doesn't take patient status into account. Was that person just tested or have they been diagnosed for years? Are they on a prescription already?

Claims data isn't the end of your strategy—it's the beginning. By layering in OTC purchase data, and contextual and environmental data, marketers can create campaigns that start with the first symptoms and follow all the way through to a filled prescription.

To illustrate this point, imagine someone named Mary has chronic obstructive pulmonary disease (COPD), but hasn't been diagnosed yet. By linking and mining multiple data partnerships, a programmatic strategist could pull the current procedural terminology codes for allergy or

bronchitis conditions. Next, they can combine that with ZIP code and OTC purchase data, to build an audience segment that has purchased OTC allergy medicine and has seen a doctor about allergies or bronchitis. Serving Mary advertising around a new COPD treatment may empower her to speak to her doctor about her condition.

Claims data isn't the end of your strategy—it's the beginning.

Including HCPs in the patient journey

D2C and HCP campaigns are often handled separately, and siloed information leads to inefficiencies, wastage, and difficulty achieving scale. By including HCPs in the patient funnel, marketers can align eligible HCPs with patients seeking treatment, minimizing media wastage and maximizing prescription lift performance.

Remember Mary? While she is moving through her journey toward an eventual COPD diagnosis, a savvy pharma marketer would also market to potential prescribing providers in the same ZIP code, increasing the likelihood that when Mary next visits her doctor about her symptoms, she is prescribed the drug she needs.

Focusing on the full patient journey—including prescribers—throughout, and leveraging data from all available sources result in a better experience for the patient and a better result for the advertiser. Pharma clients utilizing MiQ's full-patient-journey approach have seen three times more prescription conversions, 27% higher audience accuracy, and 34% higher script lift.

It all starts with an open mind to data, technology, and problem-solving.

To learn more about building a unified patient journey media strategy, visit us at:

<https://marketing.wearemiq.com/pharma>

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MORE RX CONVERSIONS

27% Higher audience
accuracy

34% Higher script lift

Our programmatic solutions target both patients and health care providers along every step of the patient journey, resulting in higher targeting accuracy, less wastage, and improved performance.

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